New coal distribution policy

1022. SHRI DHARAMPAL SABHARWAL: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that Government have announced a new coal distribution policy recently;

(b) if so, the salient features of the policy document;

(c) whether the new policy will badly hit steel sector on account of reduction in coal supply to it; and

(d) if so, what steps Government proposes to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYAN RAO): (a) and (b) Yes, Sir. The New Coal Distribution Policy has been announced by the Government on 18th October, 2007. The salient features of the new policy are given below:—

(i) The existing classification of consumers into Core and Non-core has been reviewed and it has now been decided to dispense with the same. Instead, each sector/ consumers would be treated on merit keeping in view, *inter-alia*, the regulatory provisions applicable thereto and other relevant factors.

(ii) Requirements of defence sector and Railways will be met in full at notified price, as at present.

(iii) While 100% of the quantity as per the normative requirement of the Power Utilities including Independent Power Producers (IPPs)/Captive Power Plants (CPPs) and Fertilizer Sector consumers would be considered the supply of coal, through Fuel Supply Agreement (FSA) by Coal India Limited (CIL), 75% of the quantity as per the normative requirement of the Other consumers/actual users would be considered for supply of coal through FSA at fixed prices to be declared/notified by CIL.

(iv) Enhancement of present cap of 500 tonnes per annum to 4200 tonnes per annum for the small and medium sector consumers. The earmarked quantity would be distributed through State Government agencies, Central Government agencies or industry association as notified by the State Governments. The quantity earmarked for distribution to these agencies would also be increased to 8 million tonnes annually, to start with.

(v) The linkage system will be replaced with a more transparent bilateral commercial arrangement of enforceable Fuel Supply Agreement FSAs.

(vi) The Letter of Assurance (LoA) to be issued to new consumers now pursuant to the new policy will have a validity of 24 months for consumers/applicants of Power Utilities, CPPs and IPPs and 12 months for other consumers instead of 30 months as earlier. The allottee of LoA would be required to fulfill certain stipulated conditions and meet the milestones within this period and there upon approach coal companies for entering into FSA.

(vii) E-auction scheme for distribution of coal to be introduced to provide access to such consumers, who are unable to source coal through available institutional mechanisms.

(viii) CIL would undertake vertification of such consumers of erstwhile non-core sector consumers, in a time bound manner, either directly or through an agency, so as to check the veracity of their claim of being *bona fide* consumers of coal and thereafter act accordingly.

(c) No, Sir.

(d) Does not arise in view of reply given at (c) above.

Listing of Coal India

1023. SHRIMATI SHOBHANA BHARTIA: Will the PRIME MINISTER be pleased to state:

(a) whether Government has decided to get Coal India listed on the bourses to ensure vibrancy in its functioning and enable it to generate resources to meet country's requirements;

(b) whether Government constituted a GoM under Home Minister to study National Mineral Policy, 2007 and proposed coal mining, block auction for captive purposes by amending Mines and Minerals (Development and Regulation) Act, 1957;

(c) whether his Ministry approved appointments of 40 independent directors of CIL and its seven subsidiaries to bring vibrancy in its functioning; and

(d) the recommendations of the GoM and steps taken to implement them?

THE MINISTER OF STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYAN RAO): (a) No, Sir.

(b) Yes, Sir.

(c) 28 independent directors have been appointed on the Boards of Directors of Coal India Limited and its subsidiary companies.

(d) The Group of Ministers (GoM) recommended that the proposal for introduction of auction of coal mining blocks for captive use through competitive bidding by amending the Mines and Minerals (Development and Regulation) Act, 1957 may be placed before Cabinet for approval. The matter was placed before the Cabinet which has approved the proposal.

Development work on the surface of underground coal mines

†1024. SHRI PYARELAL KHANDELWAL: Will the PRIME MINISTER be pleased to state:

(a) whether Government has permitted the development work on the surface of the areas acquired for underground coal mines after carrying out the mining work;

(b) if so, the details thereof; and

(c) the offers made to Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYAN RAO): (a) to (c) Yes, Sir. It is normal practice for the coal companies to construct buildings, roads, stadiums, parks, etc. in the areas depending on suitability of ground where underground mining has been completed.

In case of abandoned open cast mines, apart from afforestation, the sites are converted

†Original notice of the question was received in Hindi.